

ADVERTISEMENT



Know Maine Business.
Get engaged, inspired and connected with
a print + digital subscription to MaineBiz.

SUBSCRIBE »

<http://www.mainebiz.biz>

Beyond mushroom soup: Maine growers cultivate gourmet mushrooms

BY **LORI VALIGRA**

7/10/2017



PHOTO / TIM GREENWAY

Elijah Thanhauser, left, and **Matt McInnis**, co-founders of **North Spore**, harvest mushrooms at their facility at the **Dana Warp Mill** in Westbrook.

Stop by the Brunswick Farmers' Market on a given Saturday and you're likely to see Emil Rivera, executive chef at the Sur Lie tapas-style restaurant in downtown Portland, "foraging" among the vendors for mushrooms, which he says have become a desired menu item.

"I like to play with combinations like jalapeno and oyster mushrooms, which work well together because they are pungent, sweet and spicy," he says. "If I find a [rare] hedgehog mushroom, I'll build a dish around that. In a competitive arena with chefs in Maine in general, we all challenge each other. Asian restaurants approach mushrooms differently, for example." Plus, the mushrooms are a real hit with his vegetarian customers.

Rivera, along with other area chefs, farmers looking to diversify their crops and home growers all have been embracing unique mushrooms in recent years. That's led to a local mushroom scene not unlike the early days of the craft beer industry, where small brewers helped each other sustain their businesses as consumers learned about it and began to home brew and to drink more local beers as brewers strove for unique tastes.

"The industry still is in the discovery and exploratory phase," says Steve Campbell, founder and CEO of pro-voke, a Portland consultancy. "It is where artisan beer was 20 years ago. There are so many different channels these organizations focused on mushrooms can grow. It's about variety, so the companies need to find their niche."

The USDA said all mushroom sales were worth \$1.19 billion in 2015-16, with the U.S. crop totaling 946 million pounds, up 2% from the previous season. Pennsylvania and California are the largest mushroom growers, with white button top mushrooms dominating the market. No figures were available for Maine.

Maine's specialty and cultivated mushroom market essentially began with Oyster Creek Mushroom Co. of Damariscotta in 1989. The company both grew its own mushrooms on logs to sell fresh seasonally, plus sold wild fresh mushrooms from as many as 60 foragers.

The business got tight during the recent drought: In 2016 foragers were unable to find mushrooms, which like a lot of water.

"I'd normally get 300 pounds of mushrooms from foragers every other day, but last year I only got 30 pounds total for the season," says Oyster Creek owner Candice Haydon, 68. "We just came out of the drought a month ago. We were down 7-9 inches of rain."

For a while Oyster Creek was the only large mushroom company in Maine, selling exotic mushrooms like chanterelle, which can cost \$24 for eight ounces, compared to less than \$2 per pound for the white button mushrooms produced in bulk and sold in supermarkets everywhere.

Now, she prefers to sell in bulk rather than through the farmers markets she had frequented in Brunswick, Camden and Damariscotta. A client in Boston, for example, will buy 100 pounds at a time.

But she thinks the influx of newer growers, like North Spore of Westbrook, Maine Cap N' Stem of Gardiner and Farming Fungi (which sells under the Mousam Valley Mushrooms brand) of Springvale, is a good thing to keep the industry growing.

Those three companies started out handling all parts of the mushroom process: the spawn (mushroom mycelium grown on a steam-sterilized grain), blocks on which the spawn is seeded and finally the mushrooms that grow on the blocks and are sold to consumers.

Doing all three parts involves science, specialty instruments and investment. So now, North Spore is the only one of the three doing all three parts, but it is starting to focus on the spawn, which it sells to Maine Cap N' Stem to put onto the blocks it now focuses on making. Maine Cap N' Stem in turn sells to Farming Fungi, which produces the fruit sold at market.

"Everyone is at a different stage," says Eliah Thanhauser, head of operations at North Spore, which he started three years ago with Jon Carver, head mycologist, and Matt McInnis, head of marketing.

His company, which is closing in on \$1 million in revenue, still mostly from its fresh mushrooms, plans to start focusing more on selling spawn and value-added products like a new soy, ginger and Shiitake mushroom pickle that it aims to sell this month, a chaga mushroom beer it made with Lone Pine Brewing in Portland and medicinal mushrooms like Lion's Mane. Thanhauser says spawn and value-added products are more scalable than the fresh mushrooms.

"There's also a huge market for our mushroom grow kit at garden centers like Skillins and Broadway Gardens, where it retails for about \$20," Thanhauser says. North Spore also makes plugs that can be planted in live logs to grow mushrooms.

The company is awaiting delivery of a large autoclave that can sterilize more mushrooms faster. North Spore, which currently has 12 full- and part-time employees in about 5,400 square feet of office and indoor growing space, can increase the \$200,000 in spawn it now produces to more than \$1 million with the new autoclave, which replaces many small pressure cookers, says Carver.

Still, North Spore continues to sell fresh mushrooms to 75 restaurants, and is on the menu by name at Sur Lie and fellow tapas restaurant Local 188, which sells a beet, nutmeg yogurt and oregano North Spore mushroom dish for \$9.

"You are at the right part of the mushroom cloud," Campbell told Thanhauser, whose company was a finalist in the Gorham Savings Bank LaunchPad competition last month. Campbell was one of the judges. Thanhauser says he recently received a letter for the company to be on the next season of the \$100,000 Greenlight Maine competition.

Erik Lomen, who along with Christopher Campbell and Mark Robinson run Maine Cap N' Stem Mushroom of Gardiner, three years ago also made all the parts to grow mushrooms, but decided to focus on the blocks.

"The spawn, block and fruiting sales were unsustainable," Lomen says. "Farms are cropping up everywhere, so we decided to create the blocks and turn our competition into customers." It buys spawn from North Spore to make the blocks and in turn sells the blocks to Farming Fungi and farmers diversifying their crops.

"We're working together. We want to propel each others' businesses forward," he says. Maine Cap N' Stem and Maine Organic Farmers and Gardeners Association recently held a workshop on mushrooms for farmers looking to diversify. They can grow the mushrooms outside in dirt or in hoop houses for year-round fruit.

Farming Fungi also honed its focus and is growing the most mushrooms indoors in the state now, says John Sharood, president, who owns the company with daughter Emily and operations manager Aron Gonsalves.

Farming Fungi's most popular mushrooms are Shiitake, its forest medley and its Italian. It sells mostly through grocery stores like Whole Foods, Hannaford and Big Y. It also sells premium gourmet mushrooms to the top 10% to 20% of restaurants, including Pai Miyake in

Portland, Bandaloop Bistro & Bar in Kennebunkport and the Union Restaurant in the Press Hotel in Portland.

The company, which currently is in 7,000 square feet, has an option to buy the barn next door, which is 15,000 square feet. The company plans to do that, says John Sharood, and will set it up in modules so it can do a controlled expansion there, 2,000 square feet at a time.

“Our goal is to reach \$5 million to \$8 million in sales in five to 10 years,” he adds. Expanding into the new barn would let the company double sales over the next 12 months, break even this year and be profitable next year. He also plans to start selling a control machine that monitors temperature, humidity and other factors at the growing site to non-competitors.

And while some are concerned about a potential five-acre indoor mushroom farm on 15 acres in Auburn by the same people who bought the Prospect Hill Golf Course, Lomen of Maine Cap N' Stem says he welcomes more mushroom farmers propelling the business forward for all.

Fang Cheng Morrow, president of Fuding, China-based Mingjing Industry Group Co., and her business partner Nianping Wang, who bought the golf course and already are pumping funds into it, are looking for land and could potentially hire 200 people for an indoor facility that is expected to grow white bottom mushrooms, though little is known of their plans, says Michael Chamblings, Auburn's director of economic and community development. The USDA estimates China supplies some 40% of U.S. mushrooms.

“They will do a feasibility study with a Chinese university to look at what will grow in Maine for both consumption and medicinal use,” Chamblings says, adding he doesn't know the timing of the study.

“Mr. Wang is looking at properties,” Chamblings says. “We're 99% sure it will be in Auburn, where 40% of the property is for agricultural purposes and thus less expensive than industrial or housing lots.”

© 2017 MaineBiz